

Tax Preparation Fraud and "Instant Refund" Loans

Tax preparation companies offer "instant refunds' to customers who have agreed to hire the company to prepare and file their tax returns. Those who sign up for such programs may be paying high fees and interest rates to receive their tax refunds. This is because the "instant refund" checks are not actually early tax refunds, but are short-term, high-interest loans that the tax preparation companies and their affiliated banks deduct from the anticipated refund. Consumers actually receive less money than they would normally receive from the State and federal government.

If you believe you have an unresolved tax problem related to an identity theft when using a tax preparer, first determine if a return on your behalf with your identity information was actually filed. Contact the IRS (www.irs.gov) and/or the Minnesota Department of Revenue (http://www.taxes.state.mn.us/) for verification of receipt.

If no return was actually filed, than the victim is the tax preparer or the bank which issued the loan as it is they who suffered the financial loss (they're out the money for the loan). File a police report (651-291-1111) as you will need this for dealing with the identity theft issue, but the case will not progress until the bank or tax preparer contacts the Fraud & Forgery Unit with their documentation and investigation results.

If a return was filed in your name by another person, and you are being prevented from filing another correct return in your name, contact the IRS immediately (www.irs.gov), and also contact the Minnesota Department of Revenue (http://www.taxes.state.mn.us/). You may file a police report by contacting 651-291-1111 as you may be asked to provide one for these agencies.